

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
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**FEE AUDITOR’S FINAL REPORT REGARDING INTERIM FEE
APPLICATION OF VENABLE LLP FOR THE THIRTY-EIGHTH THROUGH
FIFTIETH QUARTERS FROM JULY 1, 2010 THROUGH SEPTEMBER 30, 2013**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Interim Fee Application of Venable LLP for the Thirty-Eighth through Fiftieth Quarters from July 1, 2010 through September 30, 2013 (the “Application”).

BACKGROUND

1. Venable LLP (“Venable”) was retained as special litigation counsel to the Debtors and Debtor-in-Possession. In the Application, Venable seeks approval of fees totaling \$209,779.50 and expenses totaling \$5,434.06 for its services from July 1, 2010 through September 30, 2013 (the “Application Period”).

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing

Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Venable based upon our review, and we received a response from Venable, portions of which response are quoted herein.

DISCUSSION

3. We noted the following time entries which included non-working travel time:

Strong, Thomas H.	11/30/2011	7.00	430.62	3,014.35	Travel to Curtis Bay Facility regarding grievance; prepare potential witnesses; review prior postings and other preparation for hearing
Strong, Thomas H.	12/1/2011	6.70	430.62	2,885.17	Preparation for; travel to and from and attend hearing

We asked Venable if this non-working travel time had been discounted by 50% as required by the Local Rules.¹ Venable responded:

The time entry of Thomas Strong includes “Travel to Curtis Bay Facility” Curtis Bay and W.R. Grace’s Curtis Bay facility are in Baltimore City, where our office is also located. Curtis Bay is approximately 7-8 miles from our office and takes approximately 20-25 minutes to drive in one direction. Mr. Strong was driving locally to the client’s facility to prepare witnesses. His driving time was not reduced by 50%. If such time is covered by the requirement to reduce by 50%, we can do so. Using 50 minutes of total travel time, $.833 \times \$430.62 = \358.85 . If such time is not covered by the requirement to reduce by 50%, we would be happy to leave Mr. Strong’s time as is.

¹Local Rule 2016-2(d)(viii) provides:

Travel time during which no work is performed shall be separately described and may be billed at no more than 50% of regular hourly rates;...

Regarding the (second) Tom Strong time entry, the hearing he attended was local, with approximately half an hour driving time in each direction, for a total of one hour to go to and from the hearing. We have not reduced that time by 50%, but are agreeable to doing so as necessary.

We appreciate Venable's response and recommend that the fees for travel time in both time entries be reduced by 50%, for a reduction of \$394.73² in fees.

5. We noted the following sets of identical time entries:

08/08/11	BMH	0.10	44.50	Communications with client; preparation for grievance arbitrations.
08/08/11	BMH	0.10	44.50	Communications with client; preparation for grievance arbitrations.
08/18/11	BMH	0.50	222.50	Review documents from client; update arbitration outlines.
08/18/11	BMH	0.50	222.50	Review documents from client; update arbitration outlines.
08/30/11	BMH	0.50	222.50	Review notes, legal research and preparation for call with client.
08/30/11	BMH	0.50	222.50	Review notes, legal research and preparation for call with client.
09/02/11	BMH	0.30	133.50	Prep call with Greg Ford
09/02/11	BMH	0.30	133.50	Prep call with Greg Ford

We asked Venable if any of these time entries were duplicates, and Venable responded:

Those time entries, although they use identical language, are not duplicate entries. Rather, Mr. Hudson was working on two employee grievance arbitrations at the same time. Venable kept track of those two matters on separate files. When Mr. Hudson did work that was applicable to both grievances, he divided his time between the two matters, and used the same language to describe his work.

We accept Venable's response and have no objection to these fees.

²Of this reduction, \$179.42 (50% of \$358.85) is for the first time entry, and \$215.31 (50% of \$430.62) is for the second time entry.

6. We noted the following meal charges for which more information was needed:

09/17/10	Luncheon/Dinner Conf	90.53	E Hughes meeting order #2-48275
09/17/10	Luncheon/Dinner Conf	162.14	E Hughes meeting order #2-48293
09/17/10	Luncheon/Dinner Conf	247.28	E Hughes meeting order #2-48309
09/21/10	Luncheon/Dinner Conf	105.16	Elizabeth Hughes - Ordered dinner for clients while working
09/21/10	Luncheon/Dinner Conf	83.49	Elizabeth Hughes - working lunch with clients

In response to our request, Venable provided additional information concerning each charge:

2-48275 (posted on 9/17/10, meeting on 9/9/10)

Number of people: 10

City: Washington, D.C.

Meal: beverage service for afternoon and evening.

2-48293 (posted on 9/17/10, meeting on 9/10/10)

Number of people: 10

City: Washington, D.C.

Meal: lunch

2-48309 (posted on 9/17/10, meeting on 9/10/10)

Number of people: 10

City: Washington, D.C.

Meal: dinner

Venable does not have the requested information for the two 9/21/10 meals.

Therefore, Venable is willing to forego reimbursement of its expense request for those two meals, which is a total of \$188.65.

We appreciate Venable's response and recommend a reduction of \$188.65 in expenses.³

7. We noted the following charges for overtime wages:

09/09/10	Overtime Wages	510.00	Empl#55980; authorized by Hughes, E.R.; Tysons Corner
09/10/10	Overtime Wages	561.00	Empl#55980; authorized by Hughes, E.R.; Tysons Corner

³The remaining meal expenses fell under our recommended per person caps for Washington, D.C., of \$45 for lunch and \$65 for dinner. The charge for afternoon and evening beverage service computed to \$9.05 per person which does not appear unreasonable. Thus, we had no objection to these expenses.

09/13/10	Overtime Wages	204.00	Empl#55980; authorized by Hughes, E.R.; Tysons Corner
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We asked Venable why this work could not have been performed during regular business hours, and

Venable responded:

Like ... the meal charges above, these overtime charges were incurred in connection with Elizabeth Hughes' work on the acquisition of an entity on a compressed timetable. Ms. Hughes worked the full regular business day on this matter on all three dates (9/9/10, 9/10/10, and 9/13/10), and her work continued into the evening, which created the need to have continued secretarial support after regular business hours.

We accept Venable's response and have no objection to these expenses.

CONCLUSION

8. Thus, we recommend approval of \$209,384.77 in fees (\$209,779.50 minus \$394.73) and \$5,245.41 in expenses (\$5,434.06 minus \$188.65) for Venable's services for the Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



By: _____

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 21st day of May, 2014.

A handwritten signature in blue ink, appearing to read "W. H. Smith", is positioned above a horizontal line.

Warren H. Smith

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